



Have you heard the news? Money does grow on trees in our state.

New mills, new markets.

Forest products manufacturing has traditionally been big business in South Carolina. Now it's becoming even bigger. Several large companies have opened new mills, and existing companies are expanding mill capacity. The forest products industry is healthy and growing. (See fig. 1.0) In fact, the total impact of the industry on the state's economy every year is about \$14.7 billion. The demand for wood will rise as the industry turns out new products, ranging from lumber to flooring to wood plastic composites. Four million tons of new wood will be needed from South Carolina forests alone. (See fig. 1.1)

If timber demand is growing, trees need to be growing too.

Right now we have plenty of wood. Reforestation surged after Hurricane Hugo. The influx of new mills is partly a response to the abundant supply of those maturing trees. But a recent decline in tree planting has the forestry community concerned about the long term availability of pulpwood to meet future mill demands. Tree planting has declined 55% since 2000. (See fig. 1.2)

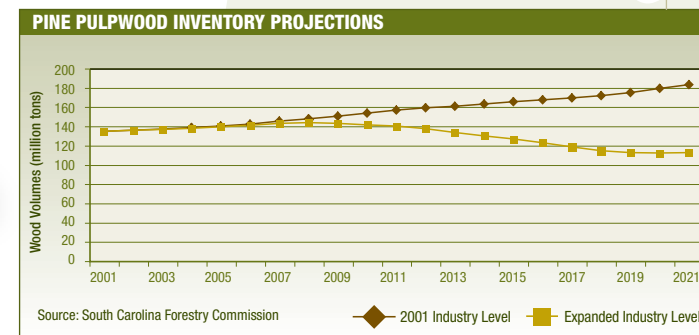
Forecasters predict the pulpwood supply will peak in 2008, then decline until 2020 to a level 22% below the peak. Landowners who recognize the opportunity and begin planting trees today should benefit from what will almost certainly be an increase in the future value of wood and a handsome return on investment. (See fig. 1.3)

How much can I expect to make? A current financial analysis by Forest2Market shows a landowner can expect a return on investment (ROI) of 13% for plantation forestry. That already beats most financial alternatives for landowners. And the return can only increase if wood prices rise.

fig. 1.0



fig. 1.3



Specifically, a 13% ROI is based on the following treatments:

1. Site preparation of agricultural land, or herbicide plus prescribed burn
2. Planting of 2nd generation loblolly pine seedlings
3. Two thinnings, at age 14 and 20
4. Fertilization after the first thinning
5. Final harvest at age 25

For this analysis, our theoretical stand produces 6.5 tons per acre per year. Fifteen percent of total revenue comes from the first thinning, 23% from the second thinning, and 62% from the final harvest. Land cost, taxes, and annual expenses are not included in calculating the ROI. Some landowners use hunting leases to cover annual taxes.

How can I get started?

If you own forest or farm land you can begin to take advantage of this opportunity right now.

- Identify fallow farmland – 276,000 acres were reported as unproductive in South Carolina in 2002.
- Identify forestland that is suited for intensive management – today's plantations easily double the production of natural stands.

- If you have never managed timber before, contact the SC Forestry Commission or a private forestry consultant to help you prepare a forest management plan. A plan will help you make decisions about planting, thinning, harvesting and other silvicultural practices to increase your yield.
- Purchase high quality forest tree seedlings in quantity from the SC Forestry Commission or an industrial nursery. Your forester can assist with contracting a planting crew.
- Talk with your tax preparer or financial advisor about tax advantages so that you can realize a maximum return at harvest.

fig. 1.1

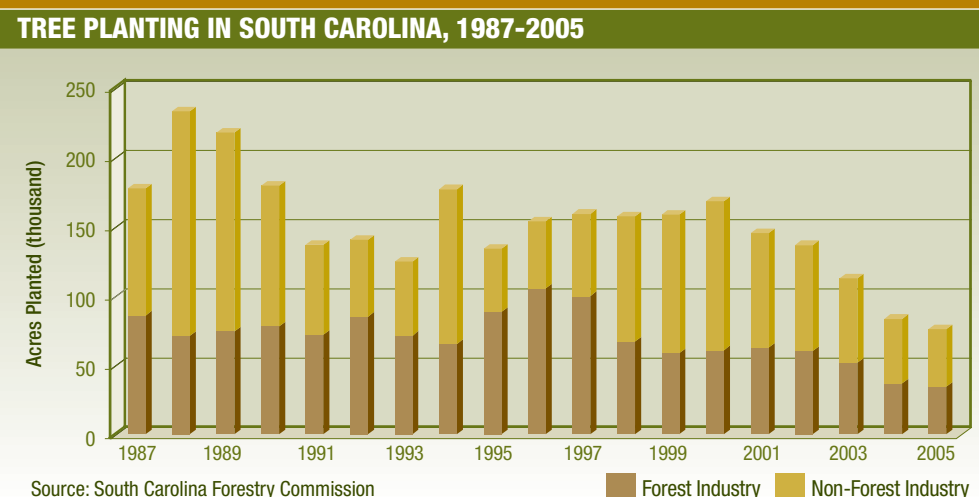
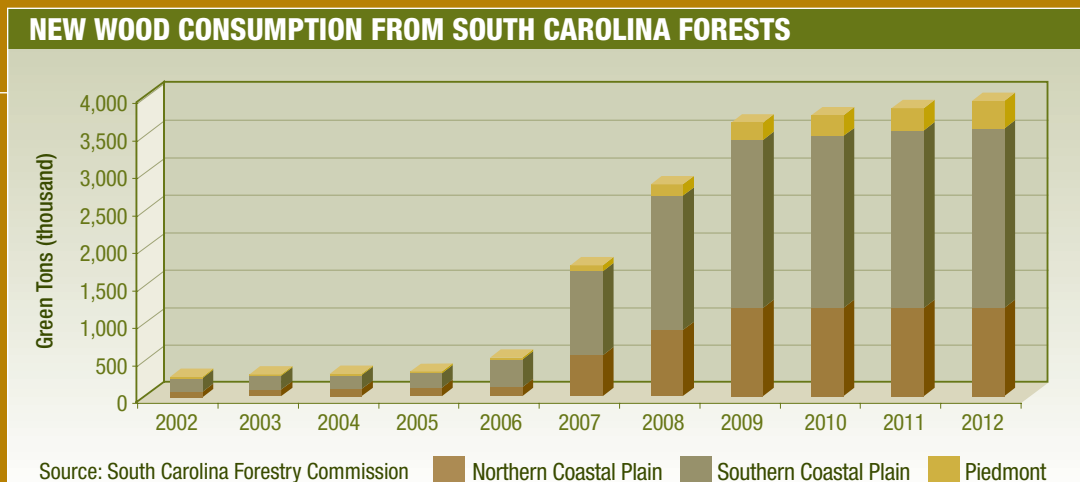


fig. 1.2

The South Carolina Forestry Commission

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